

RECORDATION NO 12204-F FILED

DEC 22 '97

12-40 PM

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ELLSWORTH C. ALVORD (1964)

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FAX (202) 393-2156

OF COUNSEL  
URBAN A. LESTER

December 22, 1997

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) copies of an Assignment and Assumption Agreement, dated as of November 17, 1997, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Lease of Railroad Equipment which was previously filed with the Commission under Recordation Number 12204.

The names and addresses of the parties to the enclosed document are:

Assignor: First Security Leasing Company of Nevada  
381 East Broadway  
Salt Lake City, Utah 84111

Assignee: ATEL Capital Equipment Fund VII, LP  
c/o ATEL Leasing Corp  
235 Pine Street, 6<sup>th</sup> Floor  
San Francisco, California 94101

A description of the railroad equipment covered by the enclosed document is:

Seventy (70) railcars bearing reporting marks and road numbers  
VALX 80001 through VALX 80070

RECEIVED  
SURFACE TRANSPORTATION  
BOARD

Dec 22 12 40 PM '97

*Auth.*  
*Consent to file*

Mr. Vernon A. Williams  
December 22, 1997  
Page 2

Also enclosed is a check in the amount of \$24.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Alvord", with a stylized flourish at the end.

Robert W. Alvord

RWA/bg  
Enclosures

RECORDATION NO. 12204-F FILED  
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**ASSIGNMENT AND ASSUMPTION AGREEMENT**

This **ASSIGNMENT AND ASSUMPTION AGREEMENT**, dated as of November 17, 1997 (this "Agreement"), is between **First Security Leasing Company of Nevada**, a Nevada corporation (the "Seller"), and **ATEL Capital Equipment Fund VII, L.P.**, a California limited partnership (the "Buyer").

**WITNESSETH:**

**WHEREAS**, the Buyer and the Seller have entered into that certain Purchase Agreement, dated as of November 17, 1997 (the "Purchase Agreement"), providing for the purchase of the Ownership Interest by the Buyer from the Seller, subject to the terms and conditions set forth therein; and

**WHEREAS**, the Purchase Agreement contemplates the execution and delivery of this Agreement by the Seller and the Buyer to effect such purchase.

**NOW, THEREFORE**, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows.

1. Definitions. Capitalized terms used herein without definition shall have the meanings assigned to them in Section 6 of this Agreement.

2. Assignment. The Seller hereby sells to the Buyer all of the Seller's rights, title and interest in and to the Ownership Interest and assigns and delegates to the Buyer all of the Seller's rights and obligations under the Operative Agreements and with respect to the Ownership Interest. Notwithstanding the foregoing, the Seller shall continue to be entitled to the benefit of any rights to indemnification for tax and other matters which arose or may arise from or be related to any event or circumstance occurring or in existence on or prior to the Closing.

3. Acceptance of Assignment; Assumption of Obligations; Effect of Assignment. The Buyer hereby accepts the assignment contained in Section 2 hereof and, on and after the Closing, assumes all obligations of the Seller under, and agrees to be bound to the same extent as the Seller by all the terms of, the Operative Agreements and with respect to the Ownership Interest, except as otherwise provided herein or in the Purchase Agreement. The Buyer shall be deemed to stand in the place of the Seller for all purposes under the Operative Agreements and each reference in the Operative Agreements to the Seller shall, after the Closing, be deemed to mean the Buyer. The Seller, on and after the Closing, is released of all obligations of the Seller under the Operative Agreements and with respect to the Ownership Interest, except for those representations and warranties, covenants and indemnities which survive the termination of the Operative Agreements. The Buyer does not assume, and shall not be responsible for, any obligation or liability (i) which arose or may arise from or be related to any event or circumstance occurring or in existence at or prior to the Closing, or (ii) arising from or related to any breach by the Seller or any of its obligations under any Operative Agreement.

4. Representations as to Applicable Law. To the best of its knowledge, the Seller represents and warrants that the transfer of the Ownership Interest and the assignment and assumption as contemplated by the Purchase Agreement and effected hereby do not violate any provision of any applicable license, judgment, order, statute, law or regulation or create a relationship which would be in violation of any thereof. To the best of its knowledge, the Buyer represents and warrants that the transfer of the Ownership Interest and the assignment and assumption as contemplated by the Purchase Agreement and effected hereby do not violate any provision of any applicable license, judgment, order, statute, law or regulation or create a relationship which would be in violation of any thereof.

5. Representations and Warranties of Buyer.  
The buyer represents and warrants that:

(a) The Buyer is a limited partnership validly existing and in good standing under the laws of the State of California, and has full power and authority to

enter into, execute and deliver this Agreement and the Purchase Agreement, and to perform each and all matters and things required to be observed or performed by it hereunder and thereunder and under each of the Operative Agreements;

(b) This Agreement and the Purchase Agreement have been duly authorized, and when this Agreement and the Purchase Agreement have been executed and delivered by the Buyer, this Agreement, the Purchase Agreement and the Operative Agreements will constitute the legal, valid and binding obligations, contracts and agreements of the Buyer enforceable in accordance with their respective terms, except as such terms may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally;

(c) No approval, consent, or withholding of objection on the part of any federal, state or other Governmental Body with respect to the Buyer is necessary in connection with the lawful execution and delivery of this Agreement or the Purchase Agreement or the carrying out by the Buyer of any of the transactions contemplated hereby or thereby or by the Operative Agreements;

(d) There are no actions, suits or proceedings at law or in equity or by or before any Governmental Body or other agency pending against, or, to the knowledge of the Buyer, threatened against the Buyer which would question the right, power or authority of the Buyer to enter into or perform this Agreement, the Purchase Agreement or the Operative Agreements or which would have a Material adverse effect on the ability of the Buyer to fulfill its obligations hereunder or thereunder; and

(e) The entering into of the Purchase Agreement and this Agreement by the Buyer and the performance of the Buyer of the Purchase Agreement, this Agreement and the Operative Agreements will not violate any provision of the Buyer's certificate of limited partnership or agreement of limited partnership or any judgment, order, law or regulation applicable to it or result in the creation or imposition of any lien, charge, security interest or other encumbrance upon the Ownership Interest or result in any breach of, or constitute a default under any indenture, mortgage, deed of trust, bank loan, credit agreement, loan agreement or other instrument to which it

or any of its affiliates is a party or by which it or its assets may be bound.

6. Definitions. Except as otherwise specified or as the context may otherwise require, the following terms have the respective meanings set forth below whenever used in this Agreement (terms defined in the singular to have a correlative meaning when used in the plural and vice versa).

Closing: the closing of the transaction contemplated by this Agreement.

Lessees: Sierra Pacific Power Company and Idaho Power Company.

Material: any act, event or occurrence, the result of which: (a) limits or has the potential for limiting the ability of either the Seller or the Buyer to (i) transfer title to the Ownership Interest free of any adverse claim not disclosed herein, (ii) realize the full economic benefit of the Ownership Interest in any manner, including, but not limited to, its interest in rental payments, indemnity payments and the Equipment; or (b) causes either the Buyer or the Seller to incur any harm, injury, or loss, whether pecuniary or otherwise, including, without limitation, costs incurred or suffered in the prosecution or defense of any claim or action where such harm, injury, or loss results in damages or costs in excess of \$500.

Operative Agreements: the agreements described in Exhibit A hereto.

Ownership Interest: the Seller's rights, title, interest and obligations with respect to the Trust Agreement, the Trust Estate and the Operative Agreements.

Trust Agreement: as defined in Exhibit A hereto.

Trust Estate: as defined in the Trust Agreement.

7. Amendments. No provision of this Agreement may be amended, modified or waived except by written agreement duly executed by each of the parties hereto.

8. Notices. All notices, requests or other communications to or upon any party hereto in connection herewith shall be given in the manner prescribed by Section 10.5 of the Purchase Agreement.

9. Headings. The section headings used in this Agreement are for convenience of reference only and shall not be used or construed to define, interpret, expand or limit any provision hereof.

10. Counterparts. This Agreement may be executed in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

11. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the internal, substantive laws of the State of California without giving effect to the conflict of law rules thereof.

12. Entire Agreement. This Agreement and the Purchase Agreement (together with Exhibits and Schedules hereto and thereto) represent the entire agreement of the parties hereto with respect to the subject matter hereof and supersede and cancel any prior oral or written agreement, letter of intent or understanding with respect to such subject matter.

13. Recordation. The Seller agrees to record this Agreement with the Surface Transportation Board to evidence the assignment by the Seller to the Buyer of the Seller's rights and obligations under the Operative Agreements and with respect to the Ownership Interest.

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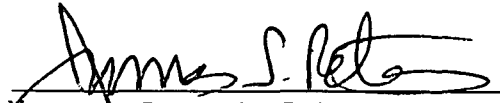
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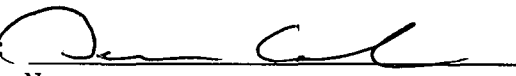
**IN WITNESS WHEREOF**, this Assignment and Assumption Agreement has been duly executed by the parties hereto as of the date first above written.

**FIRST SECURITY LEASING COMPANY OF NEVADA**

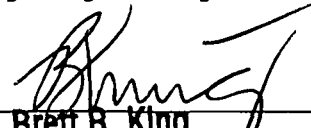
By:   
Name: James S. Peters  
Title: VP

**ATEL CAPITAL EQUIPMENT FUND VII, L.P.**

By: ATEL Financial Corporation,  
its General Partner

By:   
Name: Dean Cash  
Title: Executive Vice President

First Security Bank, N.A., not in its individual capacity but solely as owner-trustee, hereby consents to the form of the foregoing Assignment and Assumption Agreement:

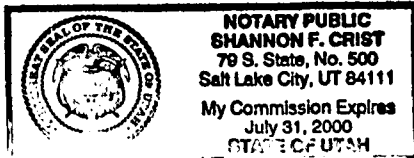
By:   
Name: Brett R. King  
Title: Assistant Vice President



State of Utah )  
 )  
County of Salt Lake )

On this, the 17th day of November, 1997, before me, a Notary Public in and for said County and state, personally appeared JAMES S. PETERS, a Y.P. of First Security Leasing Company of Nevada, who acknowledged himself to be a duly authorized officer of First Security Leasing Company of Nevada, and that, as such officer, being authorized to do so, he executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand  
and official seal on the date above mentioned.



Name: SHANNON F. CRIST  
Notary Public

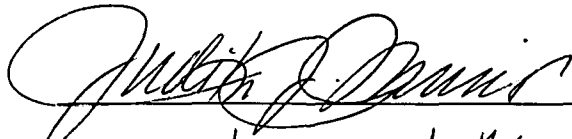
My commission Expires: 2-31-2000  
Residing in: Salt Lake County

State of California                    )  
  ) ss.  
County of San Francisco            )

On this, the 17th day of November, 1997, before me,  
a Notary Public in and for said County and State,  
personally appeared Dean Cash, personally known  
to me, whose name is subscribed to this instrument and  
acknowledged to me that he executed the same on such day in  
his capacity, and that by his signature on the instrument  
the person, or entity upon behalf of which the person  
acted, executed the instrument.

IN WITNESS WHEREOF, I have set my hand and  
official seal on the date above mentioned.



  
Name: JUDITH J. MURIO  
Notary Public  
My Commission Expires: 9.15.99

(Notarial Seal)

EXHIBIT A  
TO ASSIGNMENT AND ASSUMPTION AGREEMENT

1. Participation Agreement, dated as of June 1, 1980, among Sierra Pacific Power Company and Idaho Power Company as Lessees ("Lessees"), First Security Leasing Company of Nevada (as successor-in-interest to First Security Bank of Idaho, N.A.) as Beneficiary ("Beneficiary"), First Security Bank, N.A. (as successor-in-interest to Exchange National Bank of Chicago), not in its individual capacity, but solely as owner-trustee for the Beneficiary ("Owner-Trustee"), LaSalle National Bank, as Agent, Ortner Freight Car Company, as Builder, and the various parties named in Annex A to the Participation Agreement as Investors.
2. Lease of Railroad Equipment, dated as of June 1, 1980, between the Owner-Trustee, as Lessor, and the Lessees.
3. Trust Agreement, dated as of June 1, 1980, between the Owner-Trustee and the Beneficiary.
4. Indemnity Agreement, dated as of June 1, 1980, between the Lessees and the Beneficiary.
5. Assignment and Assumption Agreement, dated as of February 29, 1988, between First Security Bank of Idaho, N.A. and the Beneficiary.